

**MINUTES OF SPECIAL MEETING
RHODE ISLAND AIRPORT CORPORATION
OPERATIONS AND CAPITAL COMMITTEE AND
FINANCE AND AUDIT COMMITTEE**

Wednesday, December 15, 2004

9:00 a.m.

**in the Mary Brennan Board Room, T. F. Green Airport, Warwick,
Rhode Island**

The meeting of the Rhode Island Airport Corporation (“Corporation”) Operations and Capital Committee was called to order by Board Treasurer, Joseph Cianciolo, at 9:11 a.m. in the Mary Brennan Board Room, T. F. Green Airport, Warwick, Rhode Island, in accordance with the notice duly posted pursuant to the Open Meetings Law.

COMMITTEE MEMBERS PRESENT: Joseph Cianciolo, Charles Gaffney, Robert Sangster.

COMMITTEE MEMBER ABSENT: James Forte.

ALSO PRESENT: James Rosati (arrived at 9:13 a.m.), Michael Traficante (arrived at 10:35 a.m.), Joseph Larisa (arrived at 10:38 a.m.)

ALSO PRESENT: Mark Brewer, A.A.E., President and CEO; Laurie Cullen, A.A.E., Executive Vice President; Brian Schattle, Senior Vice

President of Finance and Chief Financial Officer; William Steinkamp, Senior Vice President of Operations and Maintenance; Doug Dansereau, Chief Auditor and Financial Analyst; and those individuals listed on the attendance sheet attached hereto.

1. Approval of the Minutes: Mr. Sangster moved that the minutes of the Operations and Capital Committee Meeting of November 17, 2004 be approved. Mr. Cianciolo seconded the motion. The motion was passed unanimously.

2. Approval of the Minutes: Mr. Gaffney moved that the minutes of the Finance and Audit Committee Meeting of November 8, 2004 be approved. Mr. Cianciolo seconded the motion. The motion was passed unanimously.

3. Report from Chair, Operations and Capital Committee:

There was no report.

4. Report from Chair, Finance and Audit Committee:

There was no report.

5. Report from Chief Auditor and Financial Analyst

Mr. Dansereau updated Committee Members on audit projects in

process.

6. Discussion Item:

(a) Update on Airport Projects.

Ms. Cullen gave an overview of ongoing projects at the six (6) Rhode Island airports. Mr. Rosati asked about the land acquisition program and specifically about some land acquisition and soundproofing questions that had been addressed directly to Governor Carcieri and Mayor Avedisian. Mr. Rosati asked that the Corporation address the concerns directly with the homeowners involved and report back to him so that he could brief the Governor.

7. Action Items:

(a) Consideration of and Approval of a Contract Amendment for Consultant Services Associated with the In-Line EDS Baggage System and the Security Screening Checkpoint Expansion at T. F Green Airport.

Ms. Cullen gave an overview of this project reporting that the request is to enter into a contract amendment with HNTB Corporation

to provide consultant services associated with the In-Line EDS Baggage System/Security Screening Checkpoint Expansion at T. F. Green Airport. Ms. Cullen gave an overview of the services included in the amendment. There was discussion of this project in the context of the Master Plan and Mr. Gaffney stressed the importance of keeping sight of larger expansion issues.

A motion was made by Mr. Sangster and seconded by Mr. Cianciolo to approve the following resolution:

WHEREAS, RIAC contracted with the firm of HNTB Corporation to provide consultant services associated with the installation of the in-line explosive detection systems (EDS) into the baggage make-up systems; and

WHEREAS, this contract was amended to include preliminary design services associated with the Security Screening Checkpoint Expansion at T. F. Green Airport; and

WHEREAS, RIAC will negotiate a fee with the HNTB Corporation to provide consultant services associated with the In-Line EDS Baggage System/Security Screening Checkpoint Expansion at T. F. Green Airport in an amount not-to-exceed \$1,759,368 including (1) final design services related to the Security Screening Checkpoint Expansion, (2) Phase 2 of the Concession Study, (3) Ticket Counter Modifications Study, and (4) design modifications related to the

In-Line EDS Project; and

WHEREAS, RIAC is planning to reallocate \$690,000 of 2000 Airport Revenue Bond Funds for use on this project with the remaining \$1,069,368 from the RIAC General Purpose Fund, with potential reimbursement from future bond proceeds; and

WHEREAS, the majority of the scope of this amendment will be completed during FY05.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

That the Committee hereby authorizes that the President and CEO negotiate and execute a contract amendment with HNTB Corporation to perform consultant services associated with the In-Line EDS Baggage System/Security Screening Checkpoint Expansion at T. F. Green Airport in an amount not-to-exceed \$1,759,368, subject to Board approval.

The motion was passed unanimously.

(b) Consideration of and Approval of Tax Exempt Capital Lease Financing for Capital Equipment.

Mr. Schattle reported that in November 2004 RIAC issued a Letter of Intent for Tax-Exempt Capital Lease Funding and received six (6)

offers at varying rates. A Selection Committee determined that all six (6) offers were responsive and that CitiCapital proposed the most competitive rate. Mr. Schattle stated that the recommendation is that the Committee authorize the President and CEO or his designee to complete the lease transaction, subject to Board and EDC approval.

A motion was made by Mr. Sangster and seconded by Mr. Cianciolo to approve the following resolution:

WHEREAS, in November 2004, RIAC issued a Letter of Intent (LOI) for Tax Exempt Capital Lease Funding; and

WHEREAS, six (6) submissions were received in response to the request for funding; and

WHEREAS, in compliance with RIAC Procurement Rules, the submissions were evaluated to determine responsiveness; and

WHEREAS, as a result of this evaluation a selection committee has made a unanimous recommendation.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. Upon EDC approval, the Rhode Island Airport Corporation will be authorized to enter into a Lease Agreement with CitiCapital for the financing.

2. The President and CEO, or his designee, is hereby authorized to execute the Lease Agreement with CitiCapital, subject to EDC and Board approval.

3. That the funds for the initial year have been appropriated and the implementation of the lease agreement past the first fiscal year shall be subject to the appropriation of funds for this purpose in the annual budgets for FY 06 through FY 12.

The motion was passed unanimously.

(c) Consideration of and Approval of a Management Contract for Garage B at T. F. Green Airport.

Mr. Schattle reported that RIAC issued a Request for Proposals (RFP) in November 2004 for a Management Contract for Garage B at T. F. Green Airport. Mr. Schattle stated that three (3) firms responded to the RFP and all three (3) firms were invited to make a formal presentation to the Selection Committee and respond to inquiries concerning their submittals. While the three (3) proposals differed in their management fees and overall operating expense, the Selection Committee ranked ProPark as the top Firm followed by Standard Parking Inc., based on the overall ranking criteria. The

recommendation is that the Committee authorize the President and CEO, or his designee, to negotiate and execute a management agreement with ProPark America, Inc., or Standard Parking Inc., to manage the operations of Garage B, subject to Board approval.

A motion was made by Mr. Sangster and seconded by Mr. Cianciolo to approve the following resolution:

WHEREAS, the RIAC management staff, along with the assistance of financial advisors and consultants, has been working to develop a five (5) year Capital Improvement Program (CIP) to address the needs of the six (6) airports; and

WHEREAS, a Capital Improvement Program, along with a Financial Plan for implementing the Capital Improvement Program has been presented to the Board and discussed with the Corporation's Financial Advisors.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

1. That the committee hereby adopts the attached Capital Improvement Program in concept, recognizing that it is a changing document, and project estimates and timeframes may be modified, subject to Board approval.

2. That the committee hereby approves in concept, the attached

Financial Plan for implementing the Capital Improvement Program, and directs the staff to seek MII approvals, as appropriate, from the signatory airlines, subject to Board approval.

The motion was passed unanimously.

8. Executive Session:

(a) Discussion Related to Acquisition of Real Estate (Harris Farm and Hangars) – R.I.G.L. § 42-46-5(a)(5).

(b) Discussion Related to Potential Litigation (The Parking Company/NEP and Audit) – R.I.G.L. § 42-46-5(a)(2).

(c) Discussion Related to Investment of Public Funds (Capital Improvement Program, Financial Contingency Plan, and Quonset Support Fund) - R.I.G.L. § 42-46-5(a)(7).

(d) Discussion Related to Safety and Security - R.I.G.L. § 42-46-5(a)(3).

At approximately 9:40 a.m., a motion was made by Mr. Sangster to go into Executive Session pursuant to R. I.G.L. § 42-46-5(a)(5), (2), (7) and (3). The motion was seconded by Mr. Cianciolo. By the following roll call vote the motion was passed unanimously:

YEAS: James Rosati

Joseph Cianciolo

Robert Sangster

Charles Gaffney

NAYS: None.

At approximately 11:36 a.m., a motion was made by Mr. Sangster to reconvene to the Open Session. The motion was seconded by Mr. Cianciolo. The motion was passed unanimously.

9. Action Item:

(a) Consideration of and Approval of Implementation of a Five year Capital Improvement Program.

A motion was made by Mr. Sangster and seconded by Mr. Cianciolo to approve the following resolution:

WHEREAS, the RIAC management staff, along with the assistance of financial advisors and consultants, has been working to develop a five (5) year Capital Improvement Program (CIP) to address the needs of the six (6) airports; and

WHEREAS, a Capital Improvement Program, along with a Financial Plan for implementing the Capital Improvement Program has been presented to the Board and discussed with the Corporation's Financial Advisors.

NOW, THEREFORE, IT IS HEREBY RESOLVED AS FOLLOWS:

3. That the Committee hereby adopts the attached Capital Improvement Program in concept, recognizing that it is a changing document, and project estimates, funding sources, and timeframes may be modified, subject to Board approval.

4. That the Committee hereby approves in concept, the attached Financial Plan for implementing the Capital Improvement Program, and directs the staff to seek MII approvals, as appropriate, from the signatory airlines, subject to Board approval.

The motion was passed unanimously.

10. Future Meetings:

The next Operations and Capital Committee Meeting is scheduled for Wednesday, January 12, 2005 at 4:00 p.m., in the Mary Brennan Board Room, at T. F. Green Airport.

The date of the next Finance and Audit Committee Meeting will be announced.

11. Adjournment:

Mr. Sangster moved to adjourn at approximately 11:37 a.m. Mr. Cianciolo seconded the motion. The motion was carried by

acclamation.

Respectfully submitted,

Joseph Cianciolo, Chair

Rhode Island Airport Corporation

Finance and Audit Committee AND

Member of the Operations and

Capital Committee

**MINUTES OF THE EXECUTIVE SESSION
OF THE RHODE ISLAND AIRPORT CORPORATION
OPERATIONS AND CAPITAL COMMITTEE MEETING
AND
FINANCE AND AUDIT COMMITTEE MEETING
ON WEDNESDAY, DECEMBER 15, 2004**

1. At approximately 9:40 a.m., a motion was made by Mr. Sangster and seconded by Mr. Cianciolo to go into Executive Session to discuss issues pertaining to R.I.G.L. § 42-46-5(a)(5), (2), (7) and (3). The motion was passed unanimously.

2. Ms. Cullen and Mr. Schattle gave an overview of the proposed Five

(5) Year Capital Improvement Program, along with a Financial Plan for implementing the program. Discussion focused on project estimates, funding sources and project timeframes. There was also discussion of MII approvals that may be required from the signatory airlines. It was noted that there will be an update on bond financing at the January Board Meeting.

3. Mr. Brewer discussed the Quonset Support Fund with the Committee, and specifically the operating agreement with EDC. Mr. Licht gave a historical overview of the fund. The Board will develop a subcommittee to look at the operation and management of the Quonset Support Fund, and to address specific infrastructure needs at Quonset.

4. Mr. Licht updated the Board on litigation issues pertaining to parking, and the upcoming depositions of the Board.

5. There was brief discussion of the purchase of the Harris Farm Property at North Central Airport. The Purchase and Sales Agreement is currently with the seller's lawyers.

6. There was a brief update on safety and security at the airport.

At approximately 11:36 a.m., a motion was made by Mr. Sangster to reconvene to the Open Session. The motion was seconded by Mr. Cianciolo. By the following roll call vote, the motion was passed

unanimously.

YEAS: James Rosati

Joseph Cianciolo

Charles Gaffney

Robert Sangster

Michael Traficante

Joseph Larisa

NAYS: None.

Respectfully submitted,

Joseph Cianciolo, Chair

Rhode Island Airport Corporation

Finance and Audit Committee AND

Member of the Operations and

Capital Committee